

Financing Freight Transportation Improvements Workshop Proceedings

April 29 – May 1, 2001

St. Louis, Missouri

http://www.ops.fhwa.dot.gov/freight/freight_analysis/financing/wkshp_proceed.htm

Executive Summary

From April 29 – May 1, 2001, nearly 200 engineers, planners, freight and intermodal experts, government officials and finance leaders met in St. Louis, Missouri, for the Financing Freight Transportation Improvements Workshop. Sponsored by the Federal Highway Administration Office of Freight Management and Operations, the Federal Railroad Administration, the Maritime Administration and the U.S. Coast Guard, the 2.5-day workshop was intended first to educate participants on existing financing options for freight projects. More importantly, though, the workshop was intended to provide a forum to facilitate discussion about how the existing system could be improved. Interaction within freight modes as well as between the modes was encouraged, to make sure that participants heard concerns not only of their own constituencies, but also of those with potentially divergent opinions.

The workshop was one of several outreach efforts covering topics specific to freight transportation. These topics include:

- Multistate/multijurisdictional decision making
- Freight planning
- Freight operations strategies
- International cross-border freight transportation issues
- Economic linkages to freight transportation

These outreach events have been planned with the purpose of developing recommendations to improve planning and implementation of freight in transportation projects, with respect to financing and multi-jurisdictional coordination, and to improve the effectiveness of planning and programming from a freight perspective. These recommendations are reflected in a series of reports, produced by the USDOT, which could affect upcoming legislation in the reauthorization of the Transportation Efficiency Act for the 21st Century (TEA-21, enacted 1998).

The Freight Financing Workshop sought to gather participants' ideas on the development of new freight financing options. The workshop began with a panel discussion of the current financing programs. Existing available innovative

financing options were described in the next panel. On the following day, an intermodal policy panel discussed the implications of the existing available programs and suggested how well these programs were meeting overall freight needs as well as the specific needs of each mode and industry segment. With these opinions in mind, workshop participants were divided into modal groups to brainstorm recommendations for future financing programs and policies.

Perspectives Brought to the Workshop

Three panel discussions were held, prior to the breakout sessions, to give participants a foundation on which they could build their ideas in the breakout groups. A diverse group of panelists were selected to give the perspectives of all modes and of both the public and private sectors. The first two panels served to educate participants on current financing options, both traditional and innovative. The third panel enlightened participants on intermodal policies that affect freight transportation. Within each of these panels, discussions also emerged about other issues facing freight transportation and what needs to be done to improve the future of freight.

The speakers and their presentation topics are listed in Tables 1 and 2.

Table 1 - Current Financing Options Panel

Presenter	Organization	Presentation Topic
Ray Chambers	Chambers, Conlon and Harwell, Inc.	<i>Shortline Railroads</i>
David Grier	U.S. Army Corps of Engineers	<i>Corps of Engineers Funding for Navigation Infrastructure</i>
Dwight Horne	Federal Highway Administration	<i>Existing Federal-Aid Financing Programs</i>
Donald Shanis	Delaware Valley Regional Planning Commission	<i>Elevating and Funding Freight Solutions in the Philadelphia Area</i>

Table 2 - Current Innovative Financing Options Panel

Presenter	Organization	Presentation Topic
Max Inman	Federal Highway Administration	<i>Innovative Financing (TIFIA, etc.)</i>
Paul Malir	TranSystems Corporation	<i>Kansas City Terminal Railway Flyover Project: Public/Private Cooperative Success</i>
Dean Martin	Alameda Corridor Transportation Authority (ACTA)	<i>Alameda Corridor: "A Project of National Significance"</i>
Jean McKeever	U.S. Maritime Administration	<i>Title XI Financing</i>

Table 3 - Intermodal Policy Panel

Presenter	Organization	Presentation Topic
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Peter Coleman	Equity Research, Banc of America Securities	<i>The Intermodal and Supply Chain Challenge</i>
Randy Evans	CSX	<i>Financing Freight Transportation Improvements: Exploring Future Options</i>
Jeff Holt	Goldman Sachs	<i>Freight Project Financing: Challenges, Questions and Options</i>
Mike Huerta	Consultant to FHWA	<i>Port Financial Management Challenges</i>
John Ricklefs	Moffat and Nichol	<i>The Intermodal and Supply Chain Challenge</i>

Breakout Sessions

Participants were first divided into modal breakout groups so that modal representatives could get ideas relating to their area of interest on the table. The participants were asked to brainstorm as many ideas as possible for improving freight financing. The groups were given a template for each idea and they were asked to define the idea, the rationale for the idea, challenges to implementation and suggestions related to the idea.

After compiling the ideas it was found that many of the themes were shared across all modes. Once the ideas were condensed, four main themes emerged:

- Institutional Structures and Planning Frameworks
- Existing/Expanded Funding Mechanisms
- New Funding Sources and Mechanisms
- "Making the Case" for Public Investment in Public and Private Freight

These themes were used as the basis for the second breakout session, in which participants were divided into intermodal groups. Each group was assigned a theme to be further developed. Templates were given again on which participants were asked to identify issues involved with the ideas that fell under each theme and recommendations to move the ideas forward. The summary table of the issues and recommendations is included in Appendix A.

Four key priorities were identified as a result of the second breakout session.

1. A "freight chain" – similar to the "supply chain" concept in industry - emphasizing the importance of intermodal connectivity.
2. Cross-jurisdictional, multi-modal decision-making and prioritization in a regional and national freight financing initiative.
3. Industry access to public funds for freight infrastructure improvement projects that have significant public sector benefits.
4. Increased public awareness of the impacts of freight transportation infrastructure on the U.S. economy, competitiveness, and the ability to get the products to consumers in a global economy.

Participants determined that these needs could be recognized through a National Freight Strategy initiative analogous in strategic importance to the Interstate Highway System initiative of the early 1950s. This National Freight Strategy

would include a National Investment Bank of funds consisting of public and private contributions that could implement a national strategic transportation, trade and economic development plan. The bank would be funded with new sources of revenue in addition to existing sources.

The second breakout session produced an overall list of issues and recommendations for improving freight financing, based on the four themes identified in the first session. This list was the primary output of the workshop and will be further developed and enhanced in future freight outreach events with the ultimate goal of providing recommendations to be included in TEA-21 reauthorization proposals.

Workshop Achievements

The Financing Freight Transportation Improvements workshop was considered a success and it was hoped that the future freight outreach events would follow suit. As a result of the workshop, participants were able to hear the views of their peers in different modes and sectors and work together with these people to develop financing recommendations. The main achievement of the workshop was the generation of financing improvement recommendations within four main themes. Although there was not enough time to evaluate these ideas, participants realized that they had made a significant start in the reauthorization recommendation process. The themes and recommendations are shown below.

Table 4 - Key Themes and Recommendations

Theme	Recommendations
Institutional Structures and Planning Frameworks	<ul style="list-style-type: none"> • Create multi-jurisdictional institutions • Create a National Board with national significance • Prioritize projects that support a national freight system • Identify a National Freight Transportation System • Change metropolitan and State planning processes to include freight • Create a National Data Warehouse
Expand Eligibility for Funding	<ul style="list-style-type: none"> • Set asides for intermodal projects from existing funding – STP, NHS, etc. • Expand multi-jurisdictional freight project funding into the Borders and Corridors program • Expand CMAQ dollars and area of consideration for projects • Expand existing programs to better accommodate freight • Expand innovative financing to apply to more

	freight projects
New Funding Sources and Mechanisms	<ul style="list-style-type: none"> • Increase public/private cost sharing to allow public investment in the private sector if there is public benefit • Establish national/regional investment banks • Create a program like the Borders and Corridors program for freight • Create a Last Mile Program
Making the Case for Public Investment in Public and Private Freight	<ul style="list-style-type: none"> • Focus on overall public benefits of improvements • Education of industry (and others) on future with and without changes to the system – economic implications based on growth • Develop a message for industry, public and government on the "Freight Chain" • Develop a targeted public awareness campaign • Include money for more research on freight transportation • Create mid and long term educational programs

1. Introduction

From April 29 – May 1, 2001, nearly 200 engineers, planners, freight and intermodal experts, government officials and finance leaders met in St. Louis, Missouri, for the Financing Freight Transportation Improvements Workshop. Sponsored by the Federal Highway Administration Office of Freight Management and Operations, the Federal Railroad Administration, the Maritime Administration and the U.S. Coast Guard, the 2.5-day workshop was intended first to educate participants on existing financing options for freight projects. More importantly, though, the workshop was intended to provide a forum to facilitate discussion about how the existing system could be improved. Interaction within freight modes as well as between the modes was encouraged, to make sure that participants heard concerns not only of their own constituencies, but also of those with potentially divergent opinions.

Participants were from the Federal government, State and local governments, metropolitan planning organizations, and the private sector. These participants represented the air, highway and ports, Class 1 Railroads and Shortline/Regional Railroads.

The workshop was one of several outreach efforts covering topics specific to freight transportation. These topics include:

- Multistate/multijurisdictional decision making

- Freight planning
- Freight operations strategies
- International cross-border freight transportation issues

These outreach events have been planned with the purpose of developing recommendations to improve the consideration of freight in the transportation planning process, with respect to financing and multi-jurisdictional coordination, and to improve the effectiveness of planning and programming from a freight perspective. These recommendations are reflected in a series of reports, produced by the USDOT, which will contribute to upcoming legislation in the reauthorization of the Transportation Efficiency Act for the 21st Century (TEA-21, enacted 1998).

The Freight Financing Workshop sought to gather participants' ideas on existing options and the development of new freight financing options. In order to do so, the workshop agenda was designed to first enlighten participants on current financing programs and needs and then to have breakout sessions in which participants could use this knowledge to develop future financing options. The workshop began with a panel discussion of the current financing programs. Existing available innovative financing options were described in the next panel. On the following day, an intermodal policy panel discussed the implications of the existing available programs and suggested how well these programs were meeting overall freight needs as well as the specific needs of each mode and industry segment. With these opinions in mind, workshop participants were divided into modal groups to brainstorm recommendations for future financing programs and policies. Several of these ideas were further explored in a second breakout session, in which participants were placed into intermodal groups. The workshop generated many ideas for improved financing for freight transportation projects. These ideas will be taken to future freight outreach events to be continuously developed and enhanced. As a result of this workshop, participants gained a sense of the important role that they collectively play in making freight transportation improvements and recognized their responsibility in helping to move their recommendations forward.

2. Purpose of Workshop

The Financing Freight Transportation Improvements Workshop was held in response to the challenges that freight projects currently face in receiving necessary financing. These challenges come as a result of the historical lack of attention placed on freight in the transportation planning process. The primary focus of metropolitan transportation planning has been on passenger needs. Because freight does not vote, elected officials often give priority to transportation projects that address the needs of a vocal or significant element of the local population. The freight community has not been able to generate that kind of attention to their needs. Other difficulties in achieving priority for

freight projects include lack of freight representation, difficulty in developing partnerships, problems with showing public benefits of public/private partnerships, a lack of data, and lack of expertise in understanding freight transportation issues.

Freight needs are generally regional or multi-state in scope since freight travels long distances, but funding is distributed to states and localities, therefore it is difficult for multi-jurisdictional freight needs to develop coalitions across political boundaries necessary to secure funding. Conventional freight financing programs have provided support for a variety of projects, particularly single mode efforts. However, when dealing with major intermodal projects, traditional financing programs have proven insufficient. TEA-21 introduced some innovative financing programs to address this insufficiency, but these programs do not often take into account the national and global focus of the freight transportation industry. In addition, as TEA-21 is more public sector oriented, it is often difficult to incorporate the requirements of private sector transportation carriers and shippers.

As freight transportation is an important component to the well being of our nation's economy, it will be necessary to give careful consideration to freight needs in the reauthorization of TEA-21. The Financing Workshop was held with the purpose of bringing together a diverse group of transportation industry representatives to begin to address these needs as they relate to financing. The main goal of the workshop was to begin to identify potential new financing programs or changes to existing programs to address freight transportation needs. As the participants represented both the public and private sectors, it was ensured that the ideas generated would take into account the needs of all players involved. The workshop planners realized that time constraints would not allow the ideas to be fully developed into complete recommendations, but it was hoped that this workshop would at least get participants thinking about the next steps in moving their ideas forward.

The workshop also served to enlighten participants on current freight financing options and intermodal freight policies. A panel of speakers representing various transportation interests was chosen to educate participants on these issues and to stress the importance of making freight financing improvements. It was the first time that many of the participants had the chance to work with and listen to the opinions of those outside of their particular specialization.

3. Foundation for Discussion

In order to prepare participants for the breakout sessions, the conference began with several speaker panels, representing a variety of perspectives. The first two panels were designed to further educate participants about current financing practices, while the third focused on a policy discussion.

3.1 Overview of Current Practices

3.1.1 Current Financing Options

Table 5 - Current Financing Options Presentations

Presenter	Organization	Presentation Topic
Ray Chambers	Chambers, Conlon and Harwell, Inc.	<i>Shortline Railroads</i>
David Grier	U.S. Army Corps of Engineers	<i>Corps of Engineers Funding for Navigation Infrastructure</i>
Dwight Horne	Federal Highway Administration	<i>Existing Federal-Aid Financing Programs</i>
Donald Shanis	Delaware Valley Regional Planning Commission	<i>Elevating and Funding Freight Solutions in the Philadelphia Area</i>

Highway and Rail Financing Options

The presentations relating to highway and rail financing options stressed that the key to making improvements to freight transportation is changing the MPO planning process. MPOs must begin to focus on freight planning and target work programs, long range plans, TIPs, quick fix solutions, state programs and the private sector as means to implement projects that facilitate goods movement and foster economic development.

Several funding sources to support highway and rail improvements exist. These sources include:

- FHWA programs
- State rail freight programs
- Congressional earmarks
- Private sector

Dwight Horne from FHWA elaborated on those sources, identifying some of the specific programs available through Federal-Aid:

- Metropolitan Planning funds
- Statewide Planning and Research funds
- National Highway System program
- Surface Transportation program
- Congestion Mitigation and Air Quality (CMAQ) program
- Transportation Enhancement program
- Safety
- Intelligent Transportation Systems (ITS) program

(For more information visit <http://www.ops.fhwa.dot.gov/freight> or contact the Office of Freight Management and Operations at (202) 366-1138)

Donald Shanis, of the Delaware Valley Regional Planning Commission stated that these funding sources and programs will do little good unless the public becomes more educated about freight needs. He suggested that participants use the following "keys to success":

- Wage the battle on all fronts
- Pay attention to the whole transportation system
- Teach the freight community about the MPO pressure points
- Produce relevant technical products
- Publicize freight projects and committees
- Engage the industry in an amicable forum

Marine Financing Options

David Grier, of the U.S. Army Corps of Engineers, discussed some of the marine transportation system financing options. Navigation infrastructure on the water transportation system will need major investments as the system is nearing capacity and commerce is expected to double by 2020. It is estimated that these investments will total nearly \$15 billion. Several funding sources exist, but the usage policies for these sources are complicated and therefore funding is actually quite constrained.

The Harbor Maintenance Trust Fund (HMTF), established in 1986, has been the main source of funding for waterway infrastructure improvements. The Trust fund depends on an ad valorem tax of .125% on cargo value and reimburses the Treasury for 100% of harbor operations and maintenance. Several issues exist, however, which constrain funding through the HMTF:

- Taxes on exports were ruled unconstitutional by the U.S. Supreme Court in 1998 and are no longer collected
- Taxes on imports may be challenged at the World Trade Organization
- An Alternative Harbor Services Fee was rejected by Congress
- The fund has an increasing balance (money is not being spent)

The Inland Waterways Trust Fund (IWTF) is another potential financing option for marine transportation improvements. This trust fund was created out of the Inland Waterways Revenue Act of 1978 and depends on fuel taxes for revenue. Like the HMTF, the IWTF has an increasing balance, as funds have not been made readily available.

3.1.2 Current Innovative Financing Options

Table 6 - Current Innovative Financing Options Presentations

Presenter	Organization	Presentation Topic
Max Inman	Federal Highway Administration	<i>Innovative Financing (TIFIA, etc.)</i>

Paul Malir	TranSystems Corporation	<i>Kansas City Terminal Railway Flyover Project: Public/Private Cooperative Success</i>
Dean Martin	Alameda Corridor Transportation Authority (ACTA)	<i>Alameda Corridor: "A Project of National Significance"</i>
Jean McKeever	U.S. Maritime Administration	<i>Title XI Financing</i>

Using Public Funds for Private Projects

The panelists discussed the potential of using public funding for private sector oriented projects. Paul Malir, of TranSystems Corporation, demonstrated an example of this financing method in his presentation on the Kansas City Terminal Railway Flyover Project. This project made use of a public/private partnership to improve capacity at two busy "at-grade" railroad intersections. In order to gain agency buy-in for this partnership, the following strategies were used:

- Appeal to the "Total Transportation" element of the local DOT
- Demonstrate the "non-railroad" benefits of this project
- Highlight the benefits of the railroad industry on the greater Kansas City area
- Evaluate alternatives which the railroads might be forced to use if this project did not get constructed
- Obtain local, private, non-railroad support for project
- Identify "non-monetary" methods which could be employed to assist with the project

After several attempts, the project finally received funding through an innovative financing mechanism known as Transportation Corporation (T-Corp) bonds. These bonds were originally created to accelerate highway projects in the state. The T-Corp language allows the following:

- For a quasi-governmental entity to be created which will be represented by the Missouri Highway Commission and the project owner
- The T-Corp will be allowed to issue State tax exempt bonds to finance a project with up to 20 years as a repayment schedule
- The T-Corp carries with it an ad valorem property tax abatement

For more information on T-Corp bonds, please refer to Mr. Malir's presentation in the appendix.

FHWA provided information on several innovative financing programs, including the creation of Infrastructure Banks and the Transportation Innovative Financing Act. Additional information on these programs can be found by accessing <http://www.ops.fhwa.dot.gov/freight> or contacting the FHWA Office of Budget and Finance at (202) 366-0622 or the Office of Freight Management and Operations at (202) 366-9210.

Title XI Financing

The marine industry has its own type of innovative financing for the building of U.S. vessels and the modernization of U.S. shipyard facilities. This innovative financing mechanism is known as Title XI and provides a U.S. government guarantee of private sector debt financing. The program brings the following benefits:

- Up to 87.5% financing
- Longer term maturities – up to 25 years
- Fixed or floating rates permitted
- Attractive interest rates

In order to meet the requirements for the program, the shipyard must have:

- Minimum of 12.5% equity must be funded or committed prior to any approval from MARAD
- Positive working capital
- Long term debt to equity ratio not exceeding 2:1
- Maintain net worth

For more information on Title XI financing, please refer to Jean McKeever's presentation in the appendix.

3.2 Intermodal Policies

The Intermodal Policy Panel consisted of private sector representatives. Table 7 illustrates the topics that they covered, which include intermodal challenges, port challenges, and overall project financing challenges.

Table 7 - Intermodal Policy Panel

Presenter	Organization	Presentation Topic
Peter Coleman	Equity Research, Banc of America Securities	<i>The Intermodal and Supply Chain Challenge</i>
Randy Evans	CSX	<i>Financing Freight Transportation Improvements: Exploring Future Options</i>
Jeff Holt	Goldman Sachs	<i>Freight Project Financing: Challenges, Questions and Options</i>
Mike Huerta	Consultant to FHWA	<i>Port Financial Management Challenges</i>
John Ricklefs	Moffat and Nichol	<i>The Intermodal and Supply Chain Challenge</i>

Intermodal Challenges

The panel discussed the challenges facing intermodal freight movement. One of the greatest challenges is the lack of efficiency in moving freight between modes. This has brought significant unwanted costs to all modes. A potential solution to this challenge is the use of the Internet to manage supply chain

logistics. Known as e-Logistics, this provides the potential to link all modes for more efficient freight movement.

Furthermore, the Federal Government can take some actions to improve intermodal logistics. These actions include:

- Re-regulate or further de-regulate
- Partnerships
- Other forms of encouragement

Port Challenges

Aside from supply chain challenges, the ports are facing significant financial management challenges. Many of these challenges stem from the following factors:

- High tech terminals and seamless intermodal transfers equate to no local jobs and no taxes
- More cargo brings more trucks and more pollution, leading to noise and congestion
- Warehouse and distribution jobs are adding value far from the waterfront
- Demand for waterfront land is high for uses such as offices and theme parks
- The majority of host communities see ports as things of the past and not of the future

Furthermore, State funding is diminishing and the competition among ports for Federal funding is high. In order to face these challenges, the following policies were suggested:

- A strategic mandate to maximize real economic impact of the demand stream on the region. This will:
 - Advance competitive advantage
 - Decentralize investment and services
 - Add value by integrating cargo handling with distribution
 - Build leverage to improve pricing
- Impose a container facilities charge to be collected by the local port authority. This charge will be NAFTA wide and will be required to be invested in facilities by the collecting authority

Overall Freight Project Financing Challenges

In order to enlighten participants on the overall issues facing freight, the panel discussed the characteristics freight projects and why financing for these projects is so different than for other transportation projects. The main focus was on the diverse nature of freight, as it encompasses both the public and private sectors and covers four different modes of transportation. The most distinguishing feature of freight is the high level of private sector involvement, which creates

challenges in planning and financing freight projects. In addition, the private sector takes an increasingly national and global focus on freight transportation while the public sector's focus has been regional and local. Due to freight's diverse interests, financing freight projects has been a challenge. Funding programs tend to be modally focused and often projects must show public sector benefit. Freight projects remain ineligible for many current federal financing programs and often are not high in priority. TEA-21 brought improvements to freight funding, but there is still much to be desired. As of yet, there is no dedicated funding program for freight projects. In looking toward reauthorization, the following policy questions have been asked:

- Should public funding be used to support projects in private ownership or under private control?
- Should there be a means of identifying and funding freight projects having national significance?
- Are current funding levels sufficient for freight project needs – is it necessary to identify new sources of funding?

In response to these questions, the following future financing options were recommended:

- Expanded project eligibility
- Freight set-asides
- Incentive programs

Within each option, several policy proposals have been made:

Table 8 - Intermodal Policy Proposals

Future Financing Option	Recent Policy Proposal
Expanded Project Eligibility	<ul style="list-style-type: none"> • Expanded eligibility for RRIF for intermodal connectors • Expanded SIB program
Freight Set-Asides	<ul style="list-style-type: none"> • New credit program, similar to TIFIA, for smaller intermodal connector projects • NHS funds set aside for intermodal connectors
Incentive Programs	<ul style="list-style-type: none"> • Encourage state level credit programs or infrastructure funds • Connector incentive grants • Reduced federal match

Participants were urged to discuss these financing options and policy proposals in their breakout groups.

4. Breakout Sessions and Discussion

After the intense discussion of existing financing programs and policies, attention turned to identifying key financing needs and possible solutions. Participants were first divided into mode-specific breakout groups to consider and refine current funding options and generate ideas for new options. The ideas generated in these sessions would be further discussed in intermodal breakout sessions later in the workshop.

4.1 Breakout Session 1

The modal breakout groups were designed so that modal representatives could get ideas relating to their area of interest on the table. The participants were asked to brainstorm as many ideas as possible for improving freight financing. The groups were then asked to define each idea, give the rationale for the idea, list challenges to implementation and make suggestions related to the idea. Once the ideas generated in the first breakout session were compiled, it was discovered that many of the ideas crossed modal groups. The ideas were organized into four major themes:

- Institutional Structures and Planning Frameworks
- Existing/Expanded Funding Mechanisms
- New Funding Sources and Mechanisms
- "Making the Case" for Public Investment in Public and Private Freight

The following table summarizes the ideas that fell under each of these themes. The stars indicate which modes identified the ideas.

Table 9 - Breakout Session 1: Modal Perspectives on Improving Freight Financing

Ideas for Improving Freight Financing	Modal Perspective			
	Air/Highway	Class 1 Rail	Short-Line Rail	Marine
Improve Institutional/Planning Frameworks				
Fund multi-modal freight projects based on measurable "systems-benefits"	★			★
Conduct more proactive strategic planning and market analysis, through directed language in TEA-21				★
Create a strategy to collect and share data on freight movement to better determine impacts of proposed improvements on current and projected traffic flows in order to justify public financing		★		
Implement freight productivity initiatives in FY02/03 Borders and Corridors to optimize system throughput and minimize "footprint"				★
Create a National Board to identify key problem areas		★		

Establish multi-state SIBs to fund regional freight projects	★			
Expand/Modify Existing Funding Mechanisms				
Create a Terminal and Connectors Infrastructure Program to enable container fee assessments and public involvement		★		
Consider shared ownership opportunities with infrastructure to gain efficiencies and share efficiency savings and increase ROI through passenger/freight sharing		★		
Earmark Highway Trust Fund to support grade separations in support of public benefits of safety, reduced congestion, improved air quality, and highway/rail efficiencies.		★		
Use TEA-21 funds for greater usage on maritime improvements				★
Simplify TIFIA to provide "early-in" start-up funding as this is most important to planning and evaluation				★
Amend Title IX loan program to include port terminal and infrastructure projects				★
Support a "Sell and Lease Back" program where public agencies acquire rights to rail properties and lease back to railroads to provide a revenue stream and cash infusion to finance improvements		★		
Make RRIF work as intended through direct appropriation, credit risk premium reform and stronger tie to public benefits.			★	
Use maritime funds collected to benefit the maritime sector				★
Create New Funding Sources				
Create a National Freight program using multi-jurisdictional approaches and priorities	★	★	★	★
Create a Freight Trust Fund—new funding source for freight investments	★	★	★	★
Establish dedicated short line rail funding source with cost-benefit analysis and full stakeholder participation			★	
Provide funding for new R&D into rail/water alternatives for freight movement				★
Create a maritime trust fund with funding provided by the expected growth in customs duties and other maritime				★

assessments—ensure maritime revenues are used for maritime needs					
Increase the total funding for the NHS by 10%/year and require that the increase be spent on intermodal improvements to ensure connectors get funding				★	
Develop a maritime freight apportionment factor to increase funding to states with maritime freight traffic and ensure they spend on freight projects				★	
Make the Case for Public Investment in Public and Private Freight Projects					
Support public investment in private freight projects/infrastructure that have quantifiable public benefits	★	★	★	★	
Change tax laws to incentivize capital funding in the private sector			★		
Launch campaign to increase public awareness of the economic value of freight to nation/regions to support public investment in privately-owned freight infrastructure			★	★	

4.2 Breakout Session 2

The themes and their related ideas were further developed in the second breakout session. In this session, participants were divided into intermodal breakout groups and each group was assigned a theme. Participants were asked to identify issues involved with the ideas that fell under each theme and recommendations to move the ideas forward. The summary table of the issues and recommendations can be found in Appendix A.

Four key priority needs were identified as a result of the second breakout session. Participants determined that these needs could be recognized through a National Freight Strategy initiative analogous in strategic importance to the National Highway System initiative of the early 1950s. The priority needs are listed below.

1. A "freight chain" – similar to the "supply chain" concept in industry - emphasizing the importance of intermodal connectivity.
2. Cross-jurisdictional, multi-modal decision-making and prioritization in a regional and national freight financing initiative.
3. Industry access to public funds for freight infrastructure improvement projects that have significant public sector benefits.
4. Increased public awareness of the impacts of freight transportation infrastructure on the U.S. economy, competitiveness, and the ability to get the products to consumers in a global economy.

In addition, most breakout groups agreed on the need for a National Investment Bank of funds consisting of public and private contributions that could implement a national strategic transportation, trade and economic development plan. The bank would be funded with new sources of revenue in addition to existing sources. Several new sources were identified:

- A national value-added tax set aside for transportation
- Industry fees
- Set-asides from the federal-aid program
- Re-allocation of existing gasoline taxes

Participants recommended that the bank be overseen by a National Board with representatives from each mode of national significance. The Board would identify and prioritize projects that support a national freight system and determine where the National Investment Bank funds should be directed.

In addition to funding freight projects, the need for more research funding was also identified. These research funds should be directed toward understanding the economic impact of freight transportation investment, improving freight planning and forecasting future demand. Research funds can also be used to develop mid- and long-term freight educational programs, including early education of freight issues in elementary and secondary schools and enhanced university programs. Research is predicated on complete, accurate data. Current and historical data by mode must be collected to inform and facilitate strategic planning and development. A significant data collection effort could be self-funding due to the significant value of the ultimate database.

The second breakout session produced a list of issues and recommendations for improving freight financing, based on the four themes identified in the first session. This list was the primary output of the workshop and will be further developed and enhanced in future freight outreach events.

5. Workshop Conclusion – Key Achievements and Future Actions

The Financing Freight Transportation Improvements Workshop concluded with the presentation of the list recommendations and issues, followed by an open mic session in which participants had the opportunity to voice any additional concerns or topics of interest. The workshop was considered a success, as participants became more knowledgeable about freight needs and the current financing programs available to freight transportation. The recommendations generated, which fell into four main themes, were considered the main achievement of the workshop. Although there was not enough time to evaluate these ideas, participants realized that they had made a significant start in improving freight financing. The recommendations, which are shown in Table 10,

were used as a starting point in freight outreach events following the workshop and will be incorporated into TEA-21 reauthorization proposals.

The recommendations were a result of the successful interaction of a diverse group of freight stakeholder interests from all modes and the public and private sectors. This diverse group of participants crossed traditional boundaries and worked together to agree on concepts and ideas that may have not been thought of individually. In effect, participants understood that working together in the future would be necessary to making the best recommendations possible to improve freight transportation.

Table 10 - Key Themes and Recommendations

Theme	Recommendations
Institutional Structures and Planning Frameworks	<ul style="list-style-type: none"> • Create multi-jurisdictional institutions • Create a National Board with national significance • Prioritize projects that support a national freight system • Identify a National Freight Transportation System • Change metropolitan and State planning processes to include freight • Create a National Data Warehouse
Expand Eligibility for Funding	<ul style="list-style-type: none"> • Set asides for intermodal projects from existing funding – STP, NHS, etc. • Expand multi-jurisdictional freight project funding into the Borders and Corridors program • Expand CMAQ dollars and area of consideration for projects • Expand existing programs to better accommodate freight • Expand innovative financing to apply to more freight projects
New Funding Sources and Mechanisms	<ul style="list-style-type: none"> • Increase public/private cost sharing to allow public investment in the private sector if there is public benefit • Establish national/regional investment banks • Create a program like the Borders and Corridors program for freight • Create a Last Mile Program
Making the Case for Public Investment in Public and Private Freight	<ul style="list-style-type: none"> • Focus on overall public benefits of improvements • Education of industry (and others) on future with and without changes to the system –

economic implications based on growth

- Develop a message for industry, public and government on the "Freight Chain"
- Develop a targeted public awareness campaign
- Include money for more research on freight transportation
- Create mid and long term educational programs

These recommendations have been highly valuable in moving forward with freight transportation improvements. It is anticipated that they will continue to be discussed over the next several years. The recommendations have been taken to other outreach events for further consideration and they have also been used as input to the TRB National Freight Forum. This forum provided the opportunity to discuss future freight strategies and has served as a basis for policy debates regarding surface transportation and other modal policy initiatives. The discussions that have resulted from this forum will be used for consideration in reauthorization as well.

While the recommendations have been further considered, the workshop placed emphasis on the fact that leadership and public education are essential in order for any of the recommendations to actually become implemented. Freight champions are necessary at all levels to propel the issues through the policy making process. In the case of intermodal freight issues, institutions are not currently structured to transcend all modes across regional boundaries.

Champions need to raise the level of awareness of a freight system of national significance, increasing the visibility and advocacy of freight at the national level. The need for continued public education on the importance and impact of the freight to the U.S. economy was sustained and highlighted throughout all the intermodal sessions. Participants left the workshop with a realization of the responsibility that they must collectively take to assume leadership roles and educate the public in order to see improvements in freight transportation.

Appendix A - Breakout Session 2 – Summary Table of Issues and Recommendations

Breakout Session 2 – Summary Table of Issues and Recommendations

Breakout Topic	Issues	Recommendations
Making the Case	<ul style="list-style-type: none">• Freight impact on the local, regional, national and global economy; on the environment; on	<ul style="list-style-type: none">• Focus on overall public benefits of improvements• Education of industry (and others) on future with and

	<p>national security; etc.</p> <ul style="list-style-type: none"> • Outreach – to public and legislative audiences. • Inreach – to government and industry audiences. • Calculating public benefits, especially for projects with private sector benefits. • Building trust – with the public, industry, and decision makers 	<p>without changes to system – economic implications based on growth.</p> <ul style="list-style-type: none"> • Develop a message for industry, public and government on the "Freight Chain" • Develop targeted public awareness campaign • Include money for more research on freight transportation • Create mid and long term educational programs.
New Funding Sources and Mechanisms	<ul style="list-style-type: none"> • Formula-based apportionment factor for freight. • "Co-mingling" public funding sources to leverage public/private investments. • Redirecting current funding sources to freight • Cross modal funding of freight infrastructure needs • Other 	<ul style="list-style-type: none"> • Increase public/private cost sharing - public investment in private sector – public benefit defined • Establish national/regional investment banks • Create program like B/C for Freight • Fund Freight Corridors of National Significance • Create Last Mile Program
Institutional Structures and Planning Frameworks	<ul style="list-style-type: none"> • Existing decision-making does not address the integrated nature of freight transportation. • Freight projects transcend modes, jurisdictions, and geographical areas that typically bound transportation planning. • We lack data needed to justify needed freight transportation improvements, especially those with 	<ul style="list-style-type: none"> • Create Multi-Jurisdictional Institutions • National Board - National Significance • Prioritize projects that support a national freight system • Identify National Freight Transportation system • Change Metro and State Planning Process to include Freight. • Create a National Data Warehouse

Expand Eligibility	<p>public benefit.</p> <ul style="list-style-type: none"> • Need processes and structures that encourage integrated freight planning and implementation. • Eligibility limitations on existing funding sources often exclude intermodal projects. • Some existing funding sources are underutilized due to qualification requirements, timing & understanding. • May need to rethink some existing mechanisms to encourage greater use or expand access to funds. • Set asides for intermodal projects from existing funding – STP, NHS etc. • Expand Multi-Jurisdictional freight project funding in the Borders and Corridors program • Expand CMAQ dollars and area of consideration for projects • Expand existing programs better accommodate freight • Expand Innovative Financing to apply to more freight projects
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